

# IOWA DEPARTMENT OF INSPECTIONS AND APPEALS

## Fiscal Year 2002 Annual Report



*"The Department of Inspections and Appeals will administer and enforce state and federal laws to provide for the protection of the public interests and ensure program integrity in programs and services administered by the executive branch."*

The Honorable Thomas J. Vilsack, Governor  
The Honorable Sally J. Pederson, Lt. Governor  
Steven K. Young, DIA Director

THOMAS J. VILSACK  
GOVERNOR  
SALLY J. PEDERSON  
LT. GOVERNOR

STEVEN K. YOUNG, DIRECTOR

December 2002

The Honorable Thomas J. Vilsack  
Governor of Iowa  
State Capitol Building  
Des Moines, Iowa 50319

Dear Governor Vilsack:

Pursuant to Iowa Code section 7E.3(4), I am pleased to submit to you the Fiscal Year 2002 Annual Report for the Iowa Department of Inspections and Appeals (DIA). This year's report highlights the accomplishments and successes of the department as its employees continued their fundamental mission - protecting the health, safety and well being of Iowans.

As you review the information contained in DIA's Fiscal Year 2002 Annual Report, I am confident that you will come to appreciate the dedication and devotion of the department's employees, whether protecting the residents of Iowa's nursing facilities or promoting food safety in our state's restaurants and grocery stores. Despite the state's slower-than-anticipated revenue growth during the fiscal year, DIA was able to not only meet previous fiscal year's obligations but, in many cases, surpass them. Our food safety specialists, for instance, performed over 1,000 more inspections than during Fiscal Year 2001. Likewise, the department's administrative law judges (ALJs) conducted nearly 150 more contested case hearings in FY 02 than they did in FY 01, despite a reduction in the number of ALJs.

While Fiscal Year 2002 brought many challenges to state government overall, it also provided us with an opportunity to review our department's organizational structure and mission. Through careful realignment of essential duties and services, DIA was able to reduce its overall operational costs without adversely impacting the residents of our state. Part of this restructuring resulted in the elimination of one division and the reassignment of staff in a second division. Internal operations, too, were re-evaluated and outdated or obsolete business practices were abandoned.

Since my appointment as DIA Director in February 2002, I have been amazed at the diversity and scope of the department. I am confident that the department, along with its employees, stands ready to meet the challenges of the coming years, and shall not falter in its continued efforts to protect the quality of life for Iowans.

Sincerely,



STEVEN K. YOUNG  
Director

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# Iowa Department of Inspections and Appeals Fiscal Year 2002 Annual Report

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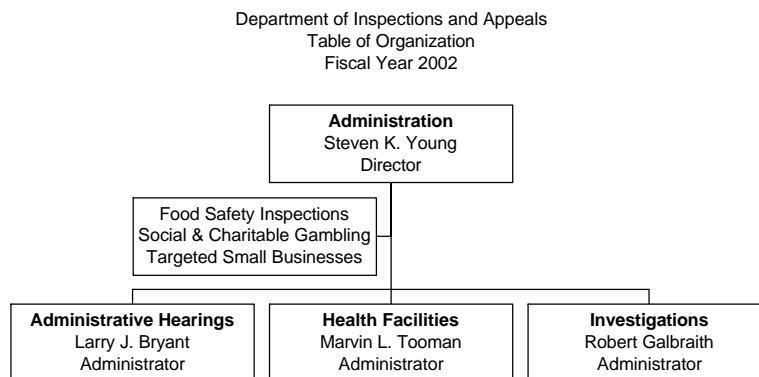
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## **DIA:** ***Organization and Structure***

The Iowa Department of Inspections and Appeals (DIA) is a multi-faceted regulatory agency charged with protecting the health, safety and well being of Iowans. The department is responsible for inspecting, licensing and/or certifying health care providers and suppliers, restaurants and grocery stores, social and charitable gambling organizations, hotels and motels, and barber and cosmetology shops. DIA employees also investigate allegations of fraud in the state's public assistance programs, alleged abuse of residents living in Medicaid-certified nursing facilities, and conduct contested case hearings to settle disputes between Iowans and various state government agencies.

Created in 1986 during state government reorganization, the goal and mission of the department is as diverse as is the constituency it serves. Personnel from approximately a dozen different state agencies were combined into the single inspections and appeals department - food safety inspectors from the Department of Agriculture, auditors and welfare fraud investigators from the Department of Human Services, compliance officers from the departments of Transportation and Human Services, and health facilities surveyors from the Department of Public Health were legislatively combined to form DIA.

Originally composed of six main divisions (Administration, Administrative Hearings, Audits, Health Facilities, Inspections, and Investigations), the department underwent reorganization and restructuring during Fiscal Year 2002 to adjust to the state's economic condition. Programs were streamlined and personnel were reassigned in order to meet the department's mission. By the end of the fiscal year, a leaner, more efficient DIA continued to protect Iowans, whether they were residents in the state's long-term care facilities, shoppers at local grocery stores, or restaurant and barber shop patrons. Among the major structural changes to occur within the department were the elimination of the Audits Division and the reassignment of Inspections Division personnel to the Director's Office. Through a careful reorganization and review of essential department programs, DIA was able to meet its constituent's need despite reduced state revenues.



## DIA: Department Overview

Overseeing the day-to-day operation of the department is the **Administration Division**, which includes the **Director's Office** and staff. The Director's Office sets policy for DIA and is responsible for coordinating the department's various programs and functions. Staff in the Director's Office manages and coordinates various functions within DIA to ensure that its mission and goals are achieved in the most effective and efficient manner. Departmentwide functions performed by the Administration Division include strategic planning, administrative rules coordination, program review, analytical and special project support, policy development, human resources and personnel functions, legislative and Congressional liaison, and public information activities.

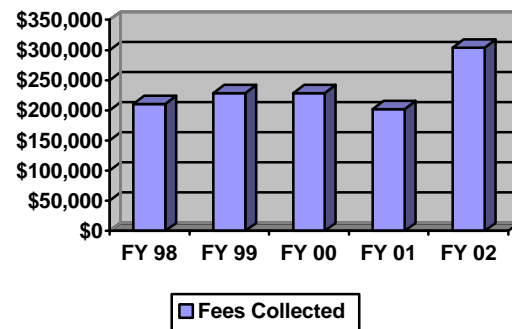
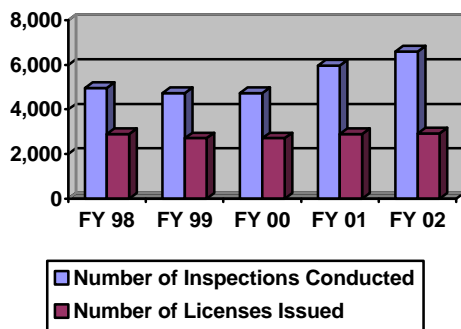
In addition, staff in the division's **Fiscal Services Bureau** is responsible for all budgeting and financial services, as well as the processing of all travel claims and expense vouchers for the department. The Bureau also processes all Indigent Defense Fund Claims for contract and court-appointed attorneys' fees, witnesses, travel expenses, etc., on behalf of the State Public Defender's Office.

### Summary of Indigent Defense Fund Claims Processed by the Fiscal Services Bureau

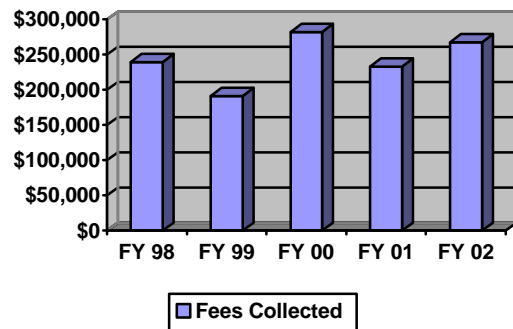
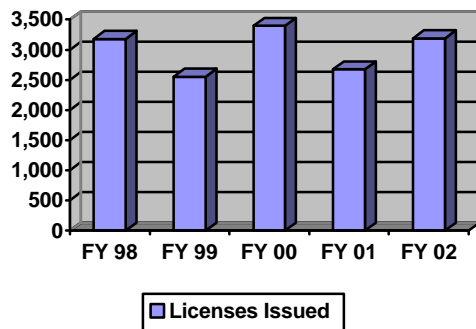
	FY 98	FY 99	FY 00	FY 01	FY 02
Number of Claims Processed	34,065	38,021	42,300	48,756	50,930
Total of Indigent Defense Claims	\$16,873,637	\$17,547,682	\$19,721,360	\$21,204,376	\$22,129,819

During Fiscal Year 2002 reorganization, staff associated with food safety inspections, social and charitable gambling activities, and targeted small business (TSB) certification were reassigned to the Administration Division and placed under the Deputy Director's supervision. The missions of the newly assigned functions include the following:

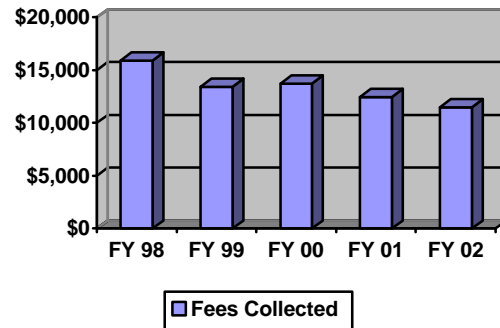
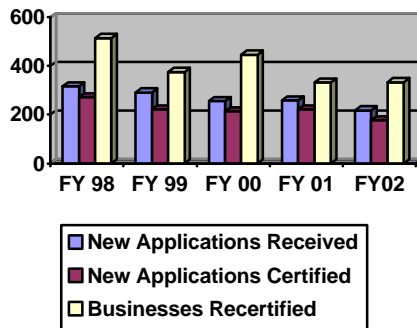
- **Food and Consumer Safety Bureau** - to provide food and sanitation safety for the general public in order to reduce the incidence of serious disease and injury.



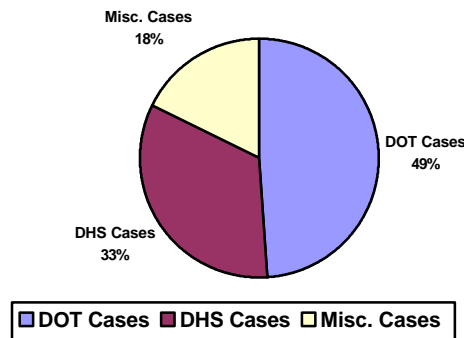
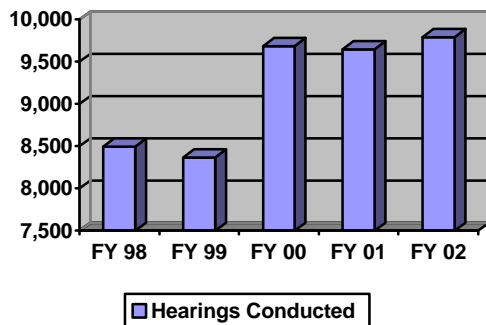
- **Social and Charitable Gambling** - to enforce the provisions of Iowa Code Chapter 99B to reduce the incidence of fraudulent and illegal social and charitable gaming in Iowa through appropriate licensing, education of the public, inspections and audit procedures.



- **Targeted Small Business Certification** - to protect the public while maintaining and enforcing standards to certify bona fide companies as Iowa targeted small businesses, owned and operated by women, minorities and persons with disabilities.



The **Administrative Hearings Division** employs a staff of administrative law judges (ALJs) who conduct contested case hearings (administrative appeals) for nearly every department in state government. On average, ALJs handle more than 9,100 cases each year. The majority of the cases (nearly 50 percent) involve Iowans seeking to restore their driving privileges as a result of revocation or suspension of the drivers' licenses by the Iowa Department of Transportation (DOT). In addition to the DOT cases, the ALJs also hear administrative appeals involving Iowans in dispute with the Department of Human Services (DHS) regarding entitlements to the state's public assistance programs.



The **Health Facilities Division** protects consumers from substandard services by assessing and enforcing provider and supplier compliance with state and federal minimum standards. Personnel in the division are responsible for inspecting, licensing and/or certifying more than 4,200 health care providers and suppliers in the State of Iowa. Among the long-term care facilities regulated by the division during Fiscal Year 2002 were:

- 422 nursing facilities,
- 126 intermediate care facilities for the mentally retarded,
- 140 residential care facilities,
- 95 residential care facilities for the mentally retarded or person with mental illness,
- 123 hospitals, and
- 28 psychiatric medical institutions for children.

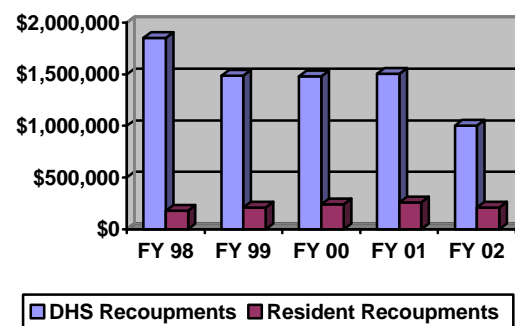
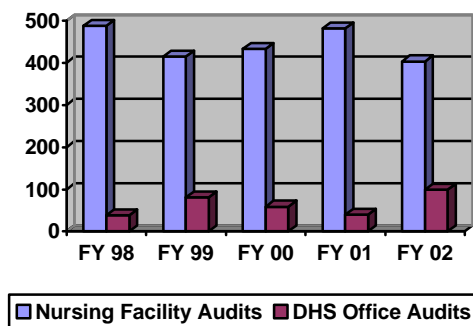
The Health Facilities Division operates under contract to the Iowa Department of Human Services for the inspection and certification of Medicaid-certified facilities and under contract with the federal Centers for Medicare & Medicaid Services (CMS) for the survey and certification of Medicare-certified facilities and providers.

#### Summary of State and Federal Enforcement Action by State Fiscal Year

	SFY 98	SFY 99	SFY 00	SFY 01	SFY 02
Number of Cited Facilities	116	156	137	149	129
State Fines Assessed	\$273,450	\$280,880	\$179,950	\$229,900	\$162,100
Federal Fines Assessed	\$260,439	\$329,762	\$205,565	\$241,600	\$235,700
Class I Violations Cited	53	68	46	51	36
Class II Violations Cited	160	194	137	172	138
Class III Violations Cited	63	69	22	29	22

The **Investigations Division** investigates allegations of fraud involving the state's public assistance programs - the Family Investment Program (FIP), Medical Assistance Program (Medicaid), Food Stamps, and Child Care Assistance. Investigators also initiate actions to recover overpayments made in these public assistance programs, as well as conduct professional practice investigations on behalf of the state's professional licensing boards. A special unit within the division investigates allegations of abuse or neglect of residents in long-term care facilities that receive reimbursements from the state's Medicaid Program.

- During Fiscal Year 2002, staff from DIA's **Audits Division** was transferred to the Investigations Division during internal reorganization of department. The auditing staff is responsible for enforcing financial accountability in nursing facilities that receive state assistance for resident care, as well as conducting audits of local DHS offices to assure compliance with state and federal financial standards.



## DIA: Attached Units

Pursuant to Iowa Code Chapter 7E.2(5), five units are attached to the department for administrative purposes such as the payment of claims and personnel functions. Each attached unit is headed by or comprised of individuals appointed by the Governor and each entity has its own Code-specified mission and responsibility. The attached units include the Child Advocacy Board, the Employment Appeal Board, the Hospital Licensing Board, the Iowa Racing and Gaming Commission, and the State Public Defender's Office.



The **Child Advocacy Board** oversees the state's local foster care review boards and the Court Appointed Special Advocate program. The local foster care review boards help ensure that Iowa's foster care system is working to place each foster child in a permanent home, and the state board is also responsible for ensuring that the local boards are in compliance with Iowa laws governing community involvement in foster care issues. The Court Appointed Special Advocate program is designed to protect the rights of Iowa's foster children in all court-related activities. (Prior to July 1, 2002, the CASA program was located within Iowa's Judicial Branch but was transferred by the Legislature to the Iowa Citizen Foster Care Review Board.) During Fiscal Year 2002, 366 volunteers conducted more than 3,900 reviews in 53 Iowa counties (an increase of 23 percent compared to FY 2001 and 77 percent compared to FY 2000).

### Program Expansion

	FY 00	FY 01	FY 02
Reviews Conducted	2,217	3,200	3,931
Counties Covered	30	42	53

The Local Citizen Foster Care Review Boards, as part of their duties, identify barriers that delay or prevent permanency for Iowa's children in out-of-home placement, and, in turn, help formulate Findings and Recommendations for improvement of Iowa's child welfare system. Based upon reviews conducted in almost 4,000 cases this past fiscal year, the Iowa Citizen Foster Care Review Board makes the following findings:

- Changes in Appellate Rules by the Iowa Supreme Court in Termination of Parental Rights (TPR) cases have had a dramatic effect in shorting the delay in permanency for children who have had their parental rights terminated. The delay in appeals of Child in Need of Assistance (CINA) cases continues to create a barrier to permanency for children.
- The quality of representation of children by court appointed attorneys continues to vary greatly, ranging from outstanding to substandard. Throughout the state, some attorneys appointed to represent children do not fulfill many of the duties set forth in the Iowa Code [§232.2(22)(b)]. In many cases, the rights of children are largely unprotected due to the lack of involvement by the child's attorney.
- Funding cuts, DHS reorganization, and turnover of child welfare professionals have resulted in a breakdown of continuity of the treatment and supervision of Iowa's most vulnerable children. More and more of Iowa's children in out-of-home placement are at risk of falling victim to the failure of the traditional "safety net" provided by the child welfare system.
- Compliance with the deadlines established by the Adoption and Safe Families Act of 1997 (Public Law 105-89) by the legal system is sporadic, with some areas strictly complying with those deadlines and other areas largely ignoring them. In some instances, this is a result of local county attorneys having insufficient resources to complete the necessary filings. This creates not only a risk of loss of federal funding for Iowa's child welfare system, but also a lack of consistency in permanency for children throughout the state.
- The downturn in the economy has resulted in a reduction in the services being offered to children and families who enter Iowa's child welfare system. This is occurring at a time when the number of children and families struggling for services and the complexity of the difficulties experienced by these children and families is on the increase. The result is that some children and families are being denied



the services necessary to assist them while others are being offered services that are not appropriate to their needs.



The **Employment Appeal Board** is composed of three members appointed by the Governor who represent labor, management and the general public's interest in cases where Iowans have been denied unemployment insurance benefits. The Board provides top-level administrative review of decisions rendered by other agencies and departments of state government, including Iowa Occupational Safety and Health Administration (IOSHA) violations, Iowa Department of Personnel (IDOP) decisions, State Peace Officer and Capital (SPOC) disciplinary action, and contractor registration cases.

During Fiscal Year 2002, the Employment Appeal Board issued 2,607 unemployment insurance decisions, 72 of which were appealed to Iowa district courts for judicial review. During FY 02, Iowa district courts ruled on 69 unemployment insurance cases, including some brought in previous fiscal years, and affirmed the Board in 50 cases, reversed the Board in eight cases, and remanded 11 cases for further review. The Iowa Supreme Court (or Court of Appeals) reviewed and affirmed nine of the district court cases - all nine were unemployment insurance cases.

#### Summary of UI Appeals Received and Decisions Issued by the EAB

	FY 98	FY 99	FY 00	FY 01	FY 02
UI Appeals Received	2,107	1,765	1,606	1,982	2,577
UI Decisions Issued*	2,027	1,864	1,528	1,875	2,607

*\* In FY 99 and FY 02, the Board issued decisions on cases received during the prior fiscal year.*



The **Hospital Licensing Board**, a five-member board appointed by the Governor, consults with and advises the department on matters affecting hospital administration. The Board reviews and approves rules and standards authorized by law prior to approval by DIA. Personnel from the department's Health Facilities Division serve as staff to the Board and coordinate the panel's activities.



The **Iowa Racing and Gaming Commission** regulates pari-mutuel dog and horse racing and riverboat gambling activities in Iowa. The Commission, whose members are appointed by the Governor, seeks to preserve the integrity of these industries and to maintain confidence in the industries by protecting the public. In performing its duties, the Commission investigates the eligibility of applicants for a license and selects from among those the one who can best serve the citizens of Iowa.

The Commission adopts standards for the licensing of racing industry occupations, as well as standards for the operation of all race meetings and facilities. It also adopts standards for the operation and licensing of excursion gambling boats. Funding for the Commission's operations is appropriated by the General Assembly and is reimbursed to the state's General Fund through license and admission fees charged to the licensees.

During Fiscal Year 2002, the Iowa Racing and Gaming Commission approved the license application of the Clinton County Gaming Association, Ltd./ Mississippi Belle II Employees Ownership Co. on Nov. 15, 2001.



The **State Public Defender's Office** coordinates the provision of legal services to indigent persons at trial and appellate levels in criminal, juvenile and certain civil cases. By specializing in criminal defense work and juvenile matters, the State Public Defender's Office provides high-quality, efficient and cost-effective legal representation to indigent clients and juveniles. Legal representation is provided by local public defenders in field offices throughout Iowa, by private attorneys under contact with the Public Defender's Office, or by court-appointed attorneys. Costs associated with the legal defense of indigent or juvenile clients provided by contract and court-appointed attorneys are paid from the state's Indigent Defense Fund.

#### **Summary of Cases Handled by State Public Defender's Office**

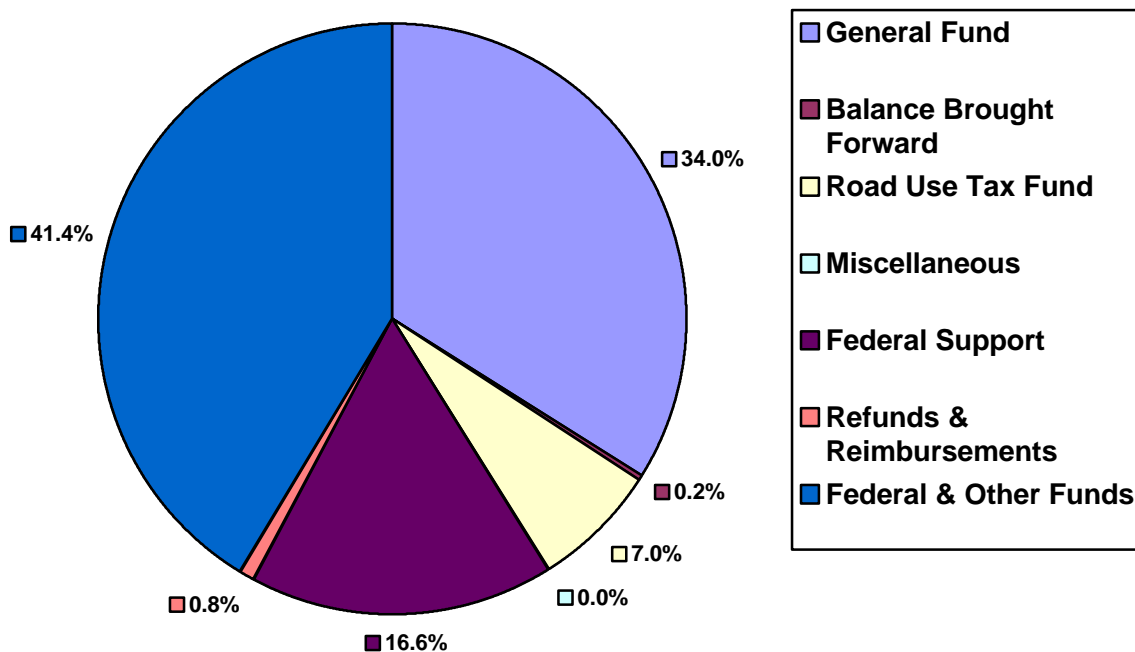
	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>
Criminal/Juvenile Cases	62,102	61,232	57,629	57,131	67,410
Criminal Appeals	563	527	535	445	492

## DIA: *Financial Resources*

During Fiscal Year 2002, the department (excluding the attached units) operated with a total budget of approximately \$17.1 million, of which more than \$5.8 million was appropriated by the Iowa General Assembly from the state's general fund. The other major components of DIA's general operating budget are transfers from the state's Road Use Tax Fund (allocated for the support of the Administrative Hearings Division), intra-state transfers to support welfare fraud investigations involving Iowa's Medicaid Program, and federal receipts.

When funding for the five attached units is included, DIA's overall budget approaches \$61.5 million, of which the \$23.0 million appropriation for the state's Indigent Defense Fund accounts for the single largest portion. The State Public Defender's Office, with its staff of 201 employees statewide, constitutes the single largest entity within the department. Funding for the State Public Defender's Office and the Indigent Defense Fund account for 62.4 percent of the department total combined budget (see **DIA: Financial Summary** section).

**Source of Revenues for DIA's Operational Budget**



## **DIA:**

### ***Fiscal Year 2002 Reorganization***

As a result of the state's lower-than-anticipated revenue growth during the fiscal year, the Department of Inspections and Appeals (DIA) undertook a budget-driven reorganization of programs, services and personnel. During the reorganization, DIA Director Steve Young strove to protect the essential services performed by the department to protect Iowans directly impacted by the agency's mission and responsibilities. Working with DIA's management team, Director Young crafted a new organizational structure that not only reduced several levels of bureaucracy within the department but also streamlined program accountability - one division was eliminated and another division realigned with its staff reporting directly to the Deputy Director. Support positions, too, were re-evaluated and, when necessary, eliminated so those vital agency resources could be directed toward program performance and essential constituent services. By the end of the fiscal year, the department's structure had dramatically changed from the table of organization under which it was created. Reorganization of DIA during Fiscal Year 2002 resulted in the following changes:

- Audits Division, including the administrator's position, eliminated and auditing staff transferred to the Investigations Division where they continue to protect nursing homes and nursing home residents that receive reimbursement from the state's Medicaid Program.
- Inspections Division administrator's position eliminated, with all program areas (Food and Consumer Safety, Social and Charitable Gambling, and Targeted Small Business Certification) assigned to and under the supervision of the Deputy Director.
- Support positions for the Audits and Inspections Divisions' administrators were eliminated, and other support positions were reassigned to meet the needs of the program areas.

In addition to eliminating positions in the Audits and Inspections Divisions, staff in the Administration Division was assigned new duties in order that vacant positions could be eliminated, thus making additional funds available to support the department. By the time the reorganization of the department was completed, the Director was able to reduce the department's operational expenses by more than \$100,000 without reducing essential customer services.

#### **"Early Out" Incentive Program**

Earlier in the fiscal year, eight DIA employees took advantage of the State's "Early Out" incentive program and retired from the department. The retirement employees collectively had more than 175 years of experience with the State of Iowa. The early out employees included two from the State Public Defender's Office, four from the Health Facilities Division, and one each from the Audits and Inspections divisions.

## **DIA:**

### ***Fiscal Year 2002 Highlights by Division***

#### **Administration Division - Steve Young Named DIA Director**



In February 2002, Iowa Governor Tom Vilsack appointed Steve Young as director of the Iowa Department of Inspections and Appeals (DIA). Young replaced Kevin Techau, whom the Governor named as Commission of Public Safety. The new director joined the Department in May 1999 as deputy director. A Des Moines native, Young had been employed by Iowa Attorney General Tom Miller since 1991 where he served as a trial lawyer representing the state Board of Regents. In that capacity, Young advised and represented the Regents on such issues as employment law, administrative procedures, and contract review. Young also worked on litigation regarding state tort defense, workers' compensation, and served as a veteran's advocate. During his last three years with the Attorney General's Office, Young served as an area prosecutor and was responsible for felony prosecutions around the state. In naming Young to the director's position, Governor Vilsack said: "Steve Young's service as deputy director of the Department of Inspections and Appeals and previous work as Assistant attorney general in the Iowa Attorney General's Office will serve him well in his new leadership role."

#### **Administration Division - Dean Lerner Named DIA Deputy Director**



Dean Lerner was selected by DIA Director Steve Young to serve as the department's new Deputy Director. Lerner assumed his new position on March 1, 2002. The new deputy formerly served as the Chief Deputy Secretary for Iowa Secretary of State Chet Culver and served as director of the Business Services Division. In his position with Secretary Culver's Office, Lerner was responsible for all operations including budget, personnel, administrative rules, and legislation. His prior experience includes 16 years as an assistant Iowa Attorney General where he worked in the Consumer Protection Division, Special Litigation and Tort Claims divisions. Before joining the Secretary of State's Office, Lerner served as director of Iowa's underground storage tank cost recovery program for the Environmental and Agricultural Law divisions.

#### **Health Facilities Division - Governor Vilsack Announces Quality Care Award-winners**

On July 6, 2001, Iowa Governor Tom Vilsack announced the first recipients of the Governor's Quality Award for Health Care Facilities. The eight facilities were recognized for providing the highest quality of care to their residents. "We are fortunate in Iowa that most of our nursing homes are well-run facilities that provide top-quality care for their residents," Governor Vilsack said. "The Governor's Award recognizes a handful of the best facilities in our state, those that were nominated for this distinction by the individuals who, on a daily basis, recognize the quality of care provided to the residents." The award-winning facilities are:

- Pottawattamie County Care Facility, a 15-bed residential care facility in Council Bluffs;
- Mapelwood Manor, a 53-bed skilled nursing facility in Keota;
- United Presbyterian Home, a 52-bed nursing facility in Washington;
- Luther Manor, a 103-bed nursing facility in Dubuque;
- Linn Manor Care Center, a 44-bed nursing facility in Marion;
- Cedar Manor, a 60-bed nursing facility in Tipton;
- Oakwood Care Center, a 90-bed skilled nursing facility in Clear Lake; and
- Ruthven Community Care Center, a 54-bed nursing facility in Ruthven.

The Governor's Award for Quality Care in Health Care Facilities was established in 1999 to recognize health care providers in Iowa that demonstrate the highest quality of care to their residents. "These facilities were nominated for the award by their employees, residents, care review committee members, and residents' family members," Governor Vilsack continued. "Based upon the nomination forms received by the Iowa Department of Inspections and Appeals (DIA), these facilities were judged to be among the best providers of quality service in the state."

#### **Health Facilities Division - DIA Assumes Role in Iowa's Assisted Living Program**

Iowa Department of Inspections and Appeals (DIA) Director Steve Young announced in May 2002 that DIA had assumed the responsibility for complaint intake, investigation, and monitoring of Iowa's assisted living programs. These responsibilities directly impact the care provided to Iowa's tenants in its assisted living programs. "Effective immediately, the Health Facilities Division began handling these critical functions in a shift of responsibility from the Department of Elder Affairs (DEA)," Young said. The shift was accomplished through the execution of a "28E" agreement between DIA and DEA. The agreement, which outlines the first phase of a two-phased approach to the certification and regulation of assisted living programs, authorized DIA to conduct complaint investigations, onsite inspections and on-going monitoring activities at Iowa's ever-increasing number of certified assisting living programs.

"Iowans residing in assisted living programs are vulnerable and in need of care, services and protection," Young said. "This agreement ensures, first and foremost, that tenants will be protected. Standards will be met, and rules will be enforced." The transfer of the complaint intake and investigations duties from DEA to DIA came one week after Iowa Governor Tom Vilsack directed DIA to take over the process. "The Department of Inspections and Appeals is experienced in working with vulnerable populations, has trained and experienced investigators, and will respond to complaint in a timely fashion," Governor Vilsack said.

#### **Inspections Division - Governor Proclaims September as 'Food Safety Education Month'**

Iowa Governor Tom Vilsack proclaimed September as "Food Safety Education Month" in Iowa. In his proclamation, the Governor said September 2001 "is a time to focus attention on the importance of safe food handling and preparation efforts." Vilsack said Iowans should take special care to refrigerate and freeze foods promptly to keep harmful bacteria from multiplying and help to prevent foodborne illness."

"Foodborne illness in the United States is a major cause of personal distress, preventable death and avoidable economic burden," Governor Vilsack said. "For many victims, foodborne illness results only in discomfort or lost time from the job. For some, however, especially pre-school age children, older adults, and those with impaired immune systems, foodborne illness is more serious and may be life threatening ... it is through ... government-industry partnerships that Iowans can be assured that the foods they eat in the state's restaurants as well as the foods they purchase from Iowa grocery stores are safe and wholesome."

#### **Investigations Division - State Receives \$116,303 in Settlement Agreement**



The State of Iowa has received \$116,303 following a settlement agreement with TAP Pharmaceutical Products, Inc. (TAP) for damages caused by the company's marketing practices for its drug Lupron, a medication used for the treatment of prostate cancer. "The settlement is the culmination of a lengthy investigation into TAP's provision of free dosages of Lupron to physicians and other providers, knowing that these providers would bill these free dosages to health care insurer, including Medicaid and Medicare," Iowa Department of Inspections and Appeals (DIA) Director Kevin Techau said. The investigation of the TAP case in Iowa was handled by DIA's Medicaid Fraud Control Unit.

Under the terms of the agreement, TAP will plead guilty to charges of conspiracy to violate the Prescription Drug Marketing Act, and enter a civil settlement to pay damages to the Medicare and other federally

funded health care programs. When TAP failed to include the free Lupron in the calculation of its 'best price' as required under the federal Medicaid drug rebate program, the State of Iowa alleged that the state's Medicaid program received lower rebate amounts than due.

#### **Investigations Division - Medicaid Fraud Control Unit Recovers \$64,50 for the State of Iowa**

Iowa Governor Tom Vilsack announced in March 2002 that the State of Iowa has received a check in the amount of \$64,590 as part of a settlement with Fresenius medical Care North America, the world's largest provider of kidney dialysis products and services. Fresenius Medical Care North America has agreed to the settlement to resolve a sweeping investigation of health care fraud at National Medical Care, Inc., a Fresenius kidney dialysis subsidiary.

"This sends a strong message to those who would even think about defrauding the health care of Iowa families - you will be held accountable for your actions and punished to the full extent of the law," Governor Vilsack said. The Iowa payment, which represents restitution and penalties to the state's Medicaid Program, is part of a \$7.3 million payment made by the corporation to Medicaid programs throughout the United States. The Medicaid Fraud Control Unit of the Iowa Department of Inspections and Appeals (DIA) conducted the investigation of the Fresenius case in Iowa, Governor Vilsack added.

**DIA:**  
***Fiscal Year 2002 Financial Summary***

**DIA Operations Only**  
**Fiscal Year 2002**

	<b>Admin.</b>	<b>Audits</b>	<b>Admin. Hearings</b>	<b>Invest.</b>	<b>Health Facilities</b>	<b>Inspections</b>	<b>Total Operations</b>
<b>Revenues</b>							
Balance Brought Forward	\$5,693	\$1,357	\$2,341	\$3,439	\$19,201	\$1,084	\$33,115
General Fund	\$567,681	\$452,145	\$482,863	\$1,030,813	\$2,327,714	\$954,230	\$5,815,446
Road Use Tax Fund	\$0	\$0	\$1,197,552	\$0	\$0	\$0	\$1,197,552
Federal Support	\$107,555	\$0	\$0	\$559,778	\$2,105,458	\$66,855	\$2,839,646
Federal & Other Funds	\$648,039	\$117,510	\$461,590	\$1,008,378	\$4,835,439	\$991	\$7,071,947
Refunds & Reimburse.	\$0	\$0	\$13,587	\$114,097	\$9,687	\$2,491	\$139,862
Misc.	\$0	\$0	\$0	\$373	\$0	\$0	\$373
<b>TOTAL Revenues</b>	<b>\$1,328,968</b>	<b>\$571,012</b>	<b>\$2,157,933</b>	<b>\$2,716,878</b>	<b>\$9,297,499</b>	<b>\$1,025,651</b>	<b>\$17,097,941</b>
<b>Expenses</b>							
Salaries	\$1,142,398	\$443,007	\$1,979,116	\$2,120,947	\$6,369,045	\$843,314	\$12,897,827
Travel	\$2,970	\$42,946	\$7,614	\$78,939	\$939,336	\$77,695	\$1,149,500
Supplies	\$37,033	\$4,243	\$39,160	\$42,668	\$74,057	\$12,405	\$209,566
Contractual Services	\$75,043	\$6,116	\$55,087	\$394,065	\$1,100,365	\$14,688	\$1,645,364
Equipment	\$1,895	\$1,424	\$3,066	\$11,588	\$307,875	\$4,124	\$329,972
Misc. Expenses	\$4,106	\$0	\$2,755	\$0	\$0	\$0	\$6,861
Fees	\$0	\$0	\$0	\$0	\$0	\$3,734	\$3,734
State Aid & Credits	\$0	\$0	\$0	\$0	\$119,636	\$0	\$119,636
<b>TOTAL Expenses</b>	<b>\$1,263,445</b>	<b>\$497,736</b>	<b>\$2,086,798</b>	<b>\$2,648,207</b>	<b>\$8,910,314</b>	<b>\$955,960</b>	<b>\$16,362,460</b>
Reversions	\$65,523	\$73,276	\$71,135	\$68,671	\$387,185	\$69,691	\$735,481
Balance Carried Forward (03)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Disposition of Resources</b>	<b>\$1,328,968</b>	<b>\$571,012</b>	<b>\$2,157,933</b>	<b>\$2,716,878</b>	<b>\$9,297,499</b>	<b>\$1,025,651</b>	<b>\$17,097,941</b>



**Department of Inspections and Appeals  
(Including Attached Units)  
Fiscal Year 2002**

	<b>DIA Operations</b>	<b>Foster Care Review Brd.</b>	<b>Employment Appeal Brd.</b>	<b>Public Defender</b>	<b>Indigent Defense</b>	<b>Pari-Mutuel Regulation</b>	<b>Riverboat Regulation</b>	<b>TOTALS</b>
<b>Revenues</b>								
Balance Brought Forward	\$33,15	\$10,645	\$850	\$5,930	\$0	\$2,218	\$208	\$52,966
General Fund	\$5,815,446	\$789,523	\$34,941	\$14,671,513	\$18,962,093	\$2,083,762	\$1,602,611	\$43,959,889
Road Use Tax Fund	\$1,197,552	\$0	\$0	\$0	\$0	\$0	\$0	\$1,197,552
Federal Support	\$2,839,646	\$0	\$0	\$0	\$0	\$0	\$0	\$2,839,646
Federal & Other Funds	\$7,071,947	\$684,425	\$775,310	\$584,304	\$1,166,884	\$0	\$0	\$10,282,870
Refunds & Reimburse.	\$139,862	\$10,362	\$50	\$0	\$219,900	\$571	\$767	\$371,512
Misc.	\$373	\$0	\$0	\$0	\$2,740,000	\$0	\$0	\$2,740,373
<b>TOTAL Revenues</b>	\$17,097,941	\$1,494,955	\$811,151	\$15,261,747	\$23,088,877	\$2,086,551	\$1,603,586	\$61,444,808
<b>Expenses</b>								
Salaries	\$12,897,827	\$719,405	\$749,077	\$12,812,773	\$0	\$1,047,499	\$1,329,168	\$29,555,749
Travel	\$1,149,500	\$49,886	\$2,311	\$111,772	\$0	\$9,073	\$16,918	\$1,339,460
Supplies	\$209,566	\$94,723	\$22,061	\$230,961	\$24,028	\$23,090	\$34,525	\$638,955
Contractual Services	\$1,645,364	\$596,306	\$23,446	\$1,988,107	\$22,263,889	\$988,537	\$179,240	\$27,895,912
Equipment	\$329,972	\$3,138	\$7,586	\$83,491	\$44,931	\$10,724	\$28,182	\$508,024
Misc. Expenses	\$6,861	\$0	\$0	\$764	\$0	\$0	\$88	\$7,713
Fees	\$3,734	\$0	\$0	\$0	\$0	\$0	\$0	\$3,734
State Aid & Credits	\$119,636	\$0	\$0	\$0	\$381,275	\$0	\$0	\$500,911
<b>TOTAL Expenses</b>	\$16,362,460	\$1,463,458	\$804,481	\$15,227,868	\$22,714,123	\$2,078,924	\$1,588,121	\$60,239,435
Reversions	\$735,481	\$31,497	\$6,670	\$33,879	\$374,754	\$7,627	\$15,465	\$1,205,373
Balance Carried Forward (03)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Disposition of Resources</b>	\$17,097,941	\$1,494,955	\$811,151	\$15,261,747	\$23,088,877	\$2,086,551	\$1,603,586	\$61,444,808

**DIA:*****Governor's Appointees on Boards and Commissions within DIA*****Child Advocacy Board**

Don Ross, Chair  
Lil Perry, Vice Chair  
Rick Dickinson

Connie Bear King  
Larry Nuss  
Amy Sarchet

Nancylee Ziese  
Judge Brian Michaelson  
Chris Boyken

**Employment Appeal Board**

Earl Seymour, Chair  
*Labor Representative*

Elizabeth Seiser  
*Public Representative*

Mary Ann Spicer  
*Management Representative*

**Hospital Licensing Board**

Tom Tibbits, Chair  
Robert A. Miller

Richard Seidler  
Marlys A. Scherlin

Patricia A. Markham

**Racing and Gaming Commission**

Michael Mahaffey, Chair  
Diane Hamilton, Vice Chair

Steve Chapman  
Kate Cutler

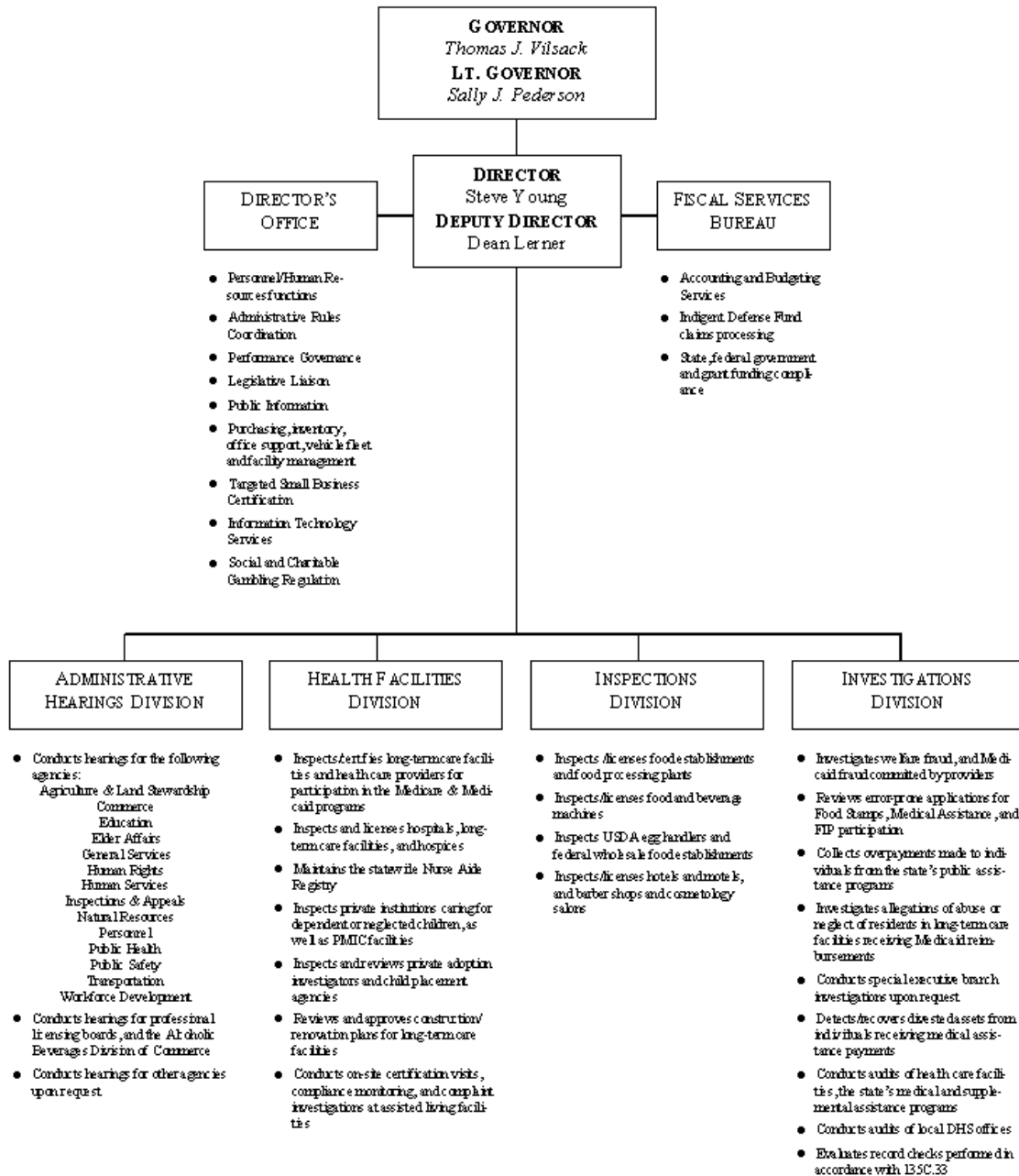
Joyce Jarding

<b>DIA:</b> <b>Key Contact Information by Program Area</b>		
<b>Individual</b>	<b>Position</b>	<b>Office Telephone Number</b>
<b>Administration Division</b>		
Steve Young	DIA Director	515-281-5457
Dean Lerner	DIA Deputy Director	515-281-6405
Heather Lindsay	Fiscal Services Bureau	515-281-3467
Lorell Squires	Administrative Services Bureau	515-281-7102
Beverly Zylstra	Legislative Liaison	515-281-6442
Betty Tschetter	Human Resources Specialist	515-281-3659
David Werning	Public Information Officer	515-281-7376
Sherry Hopkins	TSB/Social & Charitable Gambling	515-281-7357
Judy Harrison	Food & Consumer Safety	515-281-8587
Robert Haxton	Food & Consumer Safety	515-281-6539
<b>Administrative Hearings Division</b>		
Larry Bryant	Division Administrator	515-281-6372
Laura Barker	Support Services Supervisor	515-281-7104
<b>Health Facilities Division</b>		
Marvin Tooman	Division Administrator	515-281-4233
Kathy Sutton	Medicare/Medicaid Bureau I	515-281-4245
J. Bennett	Medicare/Medicaid Bureau II	515-281-3765
Paul Vanderburgh	Medicare/Medicaid Bureau III	515-281-4227
Larry Lindblom	Habilitation Bureau	515-281-7624
Beverly Zylstra	Assisted Living Program	515-281-6442
<b>Investigations Division</b>		
Robert Galbraith	Division Administrator	515-281-6377
James Smith	Economic Fraud Bureau	515-281-7109
Linda Adams	Medicaid Fraud Control Unit	515-281-4291
Randi Schulz	Overpayment Recovery Bureau	515-281-3872
Darby Matteson	Professional Standards Unit	515-281-3710
Jerry Harman	Divestiture Investigations Unit	515-281-6963
Ronald Siepker	Audits Bureau	515-281-7115
<b>Child Advocacy Board</b>		
Jerry Foxhoven	Division Administrator	515-242-6392
<b>Employment Appeal Board</b>		
Earl Seymour	Chairperson	515-281-8115
Elizabeth Seiser	Vice-Chairperson	515-281-8114
Mary Ann Spicer	Board Member	515-281-8113
<b>Hospital Licensing Board</b>		
J. Bennett	Board Liaison	515-281-3765
<b>Iowa Racing &amp; Gaming Commission</b>		
Jack Ketterer	Division Administrator	515-281-7358
<b>State Public Defender's Office</b>		
Thomas G. Becker	State Public Defender	515-242-6158
<b>DIA Hotlines</b>		
Nursing Facilities		1-877-686-0027
Home Health Agencies		1-800-383-4920
Welfare Fraud		1-800-831-1394

**Department E-mail System:** to send an e-mail to an employee of the Iowa Department of Inspections and Appeals (DIA), use the following format: (initial of first name)+(last name)@dia.state.ia.us. For example, use the following format to send an e-mail to David Werning: [dwerning@dia.state.ia.us](mailto:dwerning@dia.state.ia.us).

**DIA:**  
**Tables of Organization - Functional Areas**

**IOWA DEPARTMENT OF INSPECTIONS AND APPEALS**  
 Table of Organization



DI-10-07-02

**IOWA DEPARTMENT OF INSPECTIONS AND APPEALS**  
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